

EXHIBIT 60

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

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DEXIA SA/NV, DEXIA HOLDINGS
INC., FSA ASSET MANAGEMENT LLC
and DEXIA CREDIT LOCAL SA,
Plaintiffs,

vs.

No. 12-CV-4761

BEAR STEARNS AND CO., INC., THE
BEAR STEARNS COMPANIES, INC.,
BEAR STEARNS ASSET BACKED
SECURITIES I LLC, EMC MORTGAGE
LLC (f/k/a EMC MORTGAGE
CORPORATION), STRUCTURED ASSET
MORTGAGE INVESTMENTS II, INC., J.P.
MORGAN MORTGAGE ACQUISITION
CORPORATION, J.P. MORGAN SECURITIES,
LLC (f/k/a JP MORGAN SECURITIES INC.),
WAMU ASSET ACCEPTANCE CORP.,
WAMU CAPITAL CORP., WAMU MORTGAGE
SECURITIES CORP., JPMORGAN CHASE & CO.
and JPMORGAN CHASE BANK, N.A.,
Defendants.

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*** CONFIDENTIAL ***
VIDEOTAPED DEPOSITION OF
JEFFREY LOUIS VERSCHLEISER

New York, New York

January 11, 2013

Reported by:
Bonnie Pruszyński, RMR
JOB NO. 57107

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2 A Either associate director or managing
3 director. I don't recall which one.

4 Q Did you hold both titles at some
5 point in time during your tenure at Bear Stearns?

6 A I'm not sure.

7 Q When were you promoted to either
8 associate or managing director?

9 A I don't recall.

10 Q When you were the associate or
11 managing director, were you still in the mortgage
12 department?

13 A Yes.

14 Q And were you at some point promoted
15 from an associate or managing director?

16 A Yes.

17 Q And what were you promoted to?

18 A A senior managing director.

19 Q And when were you promoted to senior
20 managing director?

21 A I don't recall the exact year.

22 Q Do you recall generally the time
23 frame?

24 A Generally, I believe it was between
25 '96 and '98.

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2 Q And how long were you a senior
3 managing director?

4 A Until the time I left Bear Stearns.

5 Q So, between '96 and '98, until you
6 left in June of 2008, you were not promoted again;
7 is that correct?

8 A With respect to title, that is
9 correct.

10 Q Did you receive a promotion that was
11 not with respect to title?

12 A If you are asking about job function,
13 my job function changed over time. If you are
14 asking with respect to hierarchy within the
15 officers within Bear Stearns, I -- I did not -- it
16 is -- I stayed the same, senior managing director
17 level.

18 Q What were your job functions when you
19 were first promoted to senior managing director in
20 the 1996 to 1998 timeframe?

21 A In the '96 to '98 timeframe, I was
22 trading mortgage-backed securities.

23 Q What do you mean, "trading
24 mortgage-backed securities"?

25 A Could you elaborate on your

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2 Q Did you purchase RMBS, meaning
3 residential mortgage-backed securities, while you
4 were senior managing director in the 1996 to 1998
5 timeframe?

6 A Yes.

7 Q Was that part of the job function of
8 the mortgage department where you worked?

9 A Yes.

10 Q Did that job function change at all
11 between 1998 and, let's say, 2007?

12 A For the department or for myself?

13 Q Let's start with the department.

14 A From 1996 through 2008, Bear Stearns
15 was involved in purchasing mortgage-backed
16 securities of all sorts and asset-backed
17 securities of all sorts, through 2008.

18 Q And did your job function throughout
19 that timeframe include purchasing residential
20 mortgage-backed securities?

21 A At certain times, yes.

22 (Interruption in proceedings.)

23 Q What was your job function,
24 generally, in 2005 to 2008, before you left Bear
25 Stearns? And if it changed over that time, let me

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2 know, and we can break it down.

3 A Over the 2005 to 2008 period, I don't
4 recall if it changed or didn't change, but I know
5 for a period of that time, perhaps the entire
6 time, I was supervising the non-agency
7 mortgage-backed security desk and asset-backed
8 desk at Bear Stearns, and for a period of that
9 time, I was named co-head of mortgage trading.

10 Q Were you --

11 A And for -- and for a period of that
12 time, I was working on seeing if Bear Stearns
13 should work with outside -- outside capital to
14 invest in the mortgage area.

15 Q And what do you mean when you
16 describe working on seeing if Bear Stearns should
17 work with outside capital to invest in the
18 mortgage area?

19 A At some point in 2007, or 2008, Bear
20 Stearns was exploring the idea of working with
21 capital provided by outside investors to the
22 capital that Bear Stearns had in investing in the
23 securities and loan market of the mortgage area.

24 Q Did Bear Stearns ultimately invest in
25 the mortgage area?

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2 well as certain mortgage loans.

3 Q At that point in time, were you still
4 working for the mortgage department?

5 A Yes.

6 Q Did the mortgage department purchase
7 loans for investment purposes?

8 A Can you define by what you mean by
9 "investment purposes"?

10 Q Did the mortgage department in Bear
11 Stearns, in the 2005 to 2008 timeframe, purchase
12 residential mortgage loans for the purpose of
13 maintaining them on its own balance sheet.

14 A And when you say maintaining on its
15 own balance sheet, is that until the maturity of
16 the loan?

17 Q Correct.

18 A And is that for residential loans or
19 commercial loans or any type of loans?

20 Q I'm speaking specifically about
21 residential.

22 A I don't believe Bear Stearns
23 purchased residential mortgage loans to maintain,
24 to use your term, on the firm's balance sheet.

25 Q During that timeframe, Bear Stearns

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2 mind between "structure" and "issue"?

3 A Yes.

4 Q What's your distinction?

5 A My distinction would be "structure"
6 would mean that they came up -- came up with the
7 cash flow structure of the bonds that were being
8 issued by a certain entity.

9 Q And what do you mean by "issue"?

10 A Issue -- well, I can't give you an
11 exact legal term, I assume you and my counsel
12 probably could give a better example -- is a legal
13 entity that issues the bond, and that legal entity
14 being an entity, a subsidiary of Bear Stearns or
15 within Bear Stearns versus being an entity outside
16 of Bear Stearns.

17 Q When Bear Stearns -- did Bear Stearns
18 structure the cash flow when it served as the
19 underwriter for residential, non-agency
20 residential mortgage-backed securities issued by
21 other entities?

22 A Generally, my recollection is when
23 you acted as underwriter for an issuer, one of
24 your responsibilities was contributing to what the
25 cash flow structure would be of the bonds issued.

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2 for that word, if you meant issue versus whether
3 you meant acted as underwriter.

4 Q Correct. And I am just getting to
5 your clarification between "issue" and
6 "structure."

7 A Um-hum.

8 Q And your clarification, when you said
9 "structure," you identified "structure" as those
10 instances where Bear Stearns was not -- did not
11 issue the certificates but acted as an underwriter
12 who assisted in the structure of the cash flows
13 for securitizations issued by other entities;
14 correct?

15 A No.

16 Q What did you mean by "structure"?

17 A I believe what you just said to me
18 was, you made a distinction that if you -- you
19 either structured or you issued.

20 What I was trying to explain was that
21 whether you were the issuer of a non-agency
22 mortgage-backed security, and you were selling --
23 acting as underwriter and distributing those
24 bonds, or you were just acting as underwriter and
25 not the issuer, you were structuring in both of

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2 after?

3 A Sure.

4 The firm could make money in the
5 securitization process before by -- in the time
6 from the settlement of the loans on the firm's
7 balance sheet until they were securitized, the
8 firm may make carry, which would be the difference
9 where the firm financed itself versus what the
10 loans paid.

11 The firm may make money prior to and
12 at the time of securitization based on the
13 difference between where the firm bought the loans
14 and ultimately securitized the loans.

15 The firm could have made money after
16 the process on the securities the firm still held
17 from that securitization, and the firm could
18 potentially have made money if on the particular
19 mortgage-backed securities the firm issued they
20 act as servicer, and they could have made money on
21 that servicing asset.

22 Those were areas where the firm could
23 have made money that I recall.

24 Q Anything else?

25 A There may be, but nothing that I

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2 an affiliate that retained servicing, so the
3 performance of that loan if it went delinquent
4 affected it.

5 Bear Stearns or its subsidiaries gave
6 certain reps and warranties that would affect it
7 if -- could affect it.

8 That's -- that's what I can think of
9 right now.

10 Q So why didn't you just keep the
11 loans?

12 A Why didn't Bear Stearns keep every
13 loan?

14 Q Right. If they still carried all
15 this risk, why wouldn't they keep the loan and
16 enjoy the benefits of the principal and interest
17 payments on the loans?

18 A Many reasons.

19 Q Because it transferred part of the
20 risk; correct?

21 A One of the reasons. The balance
22 sheet of Bear Stearns would have been much bigger,
23 is another reason.

24 Q Bear Stearns didn't want these loans
25 on its balance sheet, did it?

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2 A As I said earlier, Bear Stearns
3 didn't have any loans that I am aware of at --
4 when they purchased them as a strategy to put on
5 their balance sheet. Bear Stearns was in the
6 business of the securitization or whole loan sales
7 being a spread, not holding for the sake of having
8 a balance sheet, as certain other banks may have
9 had.

10 Q They were in the business of buying
11 loans and selling them either in whole loan sales
12 or in securitization, to investors at a spread to
13 increase their profit; correct?

14 A They were in the business -- when
15 they bought whole loans, the objective was to
16 distribute those whole loans, whether through a
17 whole loan sale or through a security, and in that
18 process, the firm did try to make a profit.

19 Q When the loan -- when the individual
20 mortgage loans were packaged into a non-agency
21 RMBS securitization and sold to investors, Bear
22 Stearns transferred all right, title and interest
23 in those loans to the trust for the benefit of the
24 certificate holders; correct?

25 A What does "all right, title and

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2 the daily volume of loans that were being
3 acquired?

4 A As I testified before, I had regular
5 dialogue with Ms. Haggerty. I don't recall
6 specifics of any particular dialogue, but I don't
7 recall ever having conversation that there would
8 be 500 loans or any amount purchased every day.

9 MR. DeLANGE: I'll ask the court
10 reporter to mark a document as Exhibit 243.
11 (Verschleiser Exhibit 243 marked for
12 identification as of this date.)

13 Q The court reporter has handed you a
14 document that has been marked as Exhibit 243.
15 It's an e-mail bearing Bates label
16 JPMC_DEX_000934688. And it again has an Excel
17 spreadsheet attached to it that was produced in
18 native format. This is an e-mail from you,
19 Mr. Verschleiser, to Michael Cohn, Robert Durden,
20 with a cc to Keith Lind and Chris Scott, dated
21 Tuesday, July 18, 2006.

22 Do you see that?

23 A I see the e-mail, yes.

24 Q Do you recognize this document?

25 A No, I do not.

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2 A As I don't recall specific
3 conversations from that time period, I can't
4 testify if I did or did not.

5 Q Did you have concerns during that
6 time that too many loans remained in inventory and
7 had not been securitized?

8 A I don't recall if I had specific
9 conversations or concerns about that specific
10 issue.

11 Q But you want -- you didn't want loans
12 in inventory. You wanted them securitized;
13 correct?

14 A At what period of time? Are you
15 saying what I didn't want --

16 Q Two thousand --

17 A Are you asking me was the strategy of
18 the firm to hold loans in inventory or securitize
19 them?

20 Q You already testified the strategy
21 and goal of the firm was to securitize them and
22 not hold them on its balance sheet; correct?

23 A Securitize or sell as whole loans,
24 yes.

25 Q And I'm saying, did you have concerns

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2 during this time period 2005 to 2007, that there
3 were too many loans in inventory that had not been
4 securitized?

5 A During my entire period at Bear
6 Stearns, we worked on securitizing loans and not
7 having them be in inventory. So, 2005 and 2007
8 falls into that period.

9 Q Would it reflect negatively on your
10 performance if Bear Stearns was carrying too many
11 loans in inventory?

12 A It would depend.

13 Q Depend on what?

14 A At certain times we may carry a lot
15 of loans in inventory because there is a lot of
16 demand from clients to buy mortgage-backed
17 securities. At certain times we may not have any
18 or very little because there is very little
19 origination or very little demand.

20 So, the absolute amount, I don't
21 believe in and of itself was a reflection on me.

22 Q If you had an absolute amount in
23 inventory that could have been securitized and was
24 not, did you potentially lose the opportunity to
25 increase profits through those securitizations?

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2 A The due diligence group, as I recall,
3 reported up to Baron Silverstein and Mary
4 Haggerty.

5 Q And then Baron --

6 A Within Bear Stearns.

7 Q And then Baron and Mary reported to
8 whom?

9 A As I said before, at periods of time,
10 Baron reported in to Michael Nierenberg, and at
11 other periods of time, he reported in to Mr. Tom
12 Marano.

13 Ms. Haggerty at periods of time
14 reported in to myself, and at other periods of
15 time reported to Tom Marano.

16 I do not know during the 2005 to 2008
17 period what their reporting structure was or if
18 they reported in to Michael or myself in those
19 periods of time.

20 Q I'm going to hand you a document I'm
21 going to mark as Exhibit 249.

22 (Verschleiser Exhibit 249 marked for
23 identification as of this date.)

24 Q Mr. Verschleiser, I have handed you a
25 document that has been marked as Exhibit 249. It

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2 A I don't recall if it was or wasn't.

3 Q Do you have any reason to doubt that
4 that was the process at the time?

5 A I don't know if it was or wasn't, so
6 I can't doubt it.

7 Q As you sit here today, do you think
8 this representation from PWC regarding existing
9 processes is incorrect?

10 MS. JAMES: Objection.

11 A I -- I see where it says, "Buyouts
12 are processed after the receipt of put-back funds
13 from the seller," under the column "Existing
14 Processes."

15 I have no idea in the context that
16 that's written. This is a tremendous document.

17 Q I understand. I just want to make
18 sure, because I am entitled to your best testimony
19 today, and I just want to make sure that if you
20 have any doubt as to its accuracy, that I get that
21 from you. And if you don't know one way or the
22 other, that's fine. I just -- I want to know.

23 MS. JAMES: He said that already.

24 MR. DeLANGE: He didn't say -- he
25 didn't answer.

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2 A I don't know one way or the other.

3 Q And the additional controls

4 considered in the proposed processes is, "The

5 immediate processing of the buyout if there is a

6 clear breach in the PSA agreement to match common

7 industry practices, the expectation of investors,

8 and to comply with the provisions in the PSA

9 agreement."

10 Do you see that?

11 A I do.

12 Q Do you recall those additional

13 controls being proposed?

14 A I don't recall what was or wasn't

15 proposed.

16 Q Do you know if those additional

17 processes were implemented?

18 A I don't know if they were or were

19 not.

20 Q Did you personally implement those

21 policies?

22 A Did I personally imp- -- I didn't --

23 I don't recall personally implementing any of

24 these processes.

25 Q Did you comply or -- well, back up.

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2 A Um-hum.

3 Q Do you see it says "Collection
4 Process"?

5 A Yes.

6 Q And "Resolution experience, May 2006
7 through April 2007"?

8 A Yes.

9 Q And then there is a total claim
10 amount resolved of \$1.9 billion. Do you see that?

11 A I do.

12 Q Is that consistent with your
13 understanding of the value of claims resolved
14 between May 2006 and April 2007?

15 MS. JAMES: Objection, foundation.

16 A I have no recollection of what was or
17 wasn't resolved, regardless of what your
18 definition of that term is, and I have no idea
19 what this 1945420708 refers to.

20 Q This presentation is referring to a
21 collection process for early payment defaults; is
22 that right?

23 A The title of this page is "Collection
24 Process."

25 Q And the title of the document is "EPD

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2 A I am not sure how this spreadsheet
3 relates to this e-mail, and I am not sure this
4 23 million was or was not released -- was taken
5 into P&L. I just -- I'm not sure what he means
6 here.

7 Q You forwarded this to Whitney Long;
8 correct?

9 A Yes, I did.

10 Q Did you ask Ms. Long to clarify what
11 Mr. Flanagan's e-mail meant?

12 A I don't recall this e-mail. I don't
13 recall forwarding it. I do see in this e-mail
14 where I forwarded it, underneath where I forwarded
15 it there was no language. I don't recall any
16 specific conversations about this either.

17 Q And again, who is Whitney Long?

18 A Whitney Long worked for Steve Golden.

19 Q Did you have regular communications
20 with Ms. Long and Mr. Flanagan in your employment
21 at Bear Stearns during the November to December,
22 2006 timeframe?

23 A When I was at Bear Stearns, at
24 periods of time I had dialogue with both Ms. Long
25 and Mr. Flanagan. Whether there was regular

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2 you received this e-mail on March 17, 2006, from
3 Mr. Perkins?

4 A I do not.

5 Q The e-mail says, "Ann, on the Encore
6 securitization, Encore offered to remove the use
7 of a comanager and pay us .25 percent on the
8 entire deal size if we credited 20 percent of our
9 fee against the existing PD claims."

10 Do you see that?

11 A Yes.

12 Q What are PD claims?

13 A I'm not sure what PD claims are.

14 Q Are those payment default claims?

15 A I'm not sure. The subject of this
16 e-mail is "Encore EPD."

17 Q Are they potentially existing EPD
18 claims?

19 A Maybe.

20 Q It continues, it says, "Jeff
21 Verschleiser agreed." Do you see that?

22 A I do.

23 Q Did you agree to this deal with
24 Encore?

25 A I don't recall.

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2 Q Do you have any reason to doubt that
3 you did?

4 A I don't recall the deal, so I don't
5 recall if I did or did not agree to it.

6 Q If you look on the page ending 550.
7 Mr. Golden asks Mr. Perkins, and copies you, "Can
8 the language be broad enough to allow us to apply
9 the 25 BP" -- meaning basis points; is that right?

10 A That's what I think BP is.

11 Q -- "against marks not UPB and include
12 all claims, not just EPD. Is it at their option
13 to apply or ours?"

14 Do you see that?

15 A I do.

16 Q Does that refresh your recollection
17 about negotiations you had with Encore regarding a
18 settlement of these EPD claims?

19 A No, it does not.

20 Q The next e-mail from Mr. Perkins
21 responds to Mr. Golden's suggestion and again
22 copies you; correct?

23 A Yes.

24 Q And it says, "Right now we have a
25 concept worked out with Encore... and nothing has

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2 been put to paper."

3 Do you see that?

4 A I do.

5 Q And then Matt says, "However you want
6 to apply these funds is fine with me." Do you see
7 that?

8 A I do.

9 Q Did you agree with the decision to
10 apply these funds any way Steve wanted to?

11 MS. JAMES: Objection, foundation.

12 A I don't know if a decision was ever
13 made.

14 Q You received this e-mail from
15 Mr. Perkins on or about March 20, 2006; correct?

16 A It says that right here.

17 Q You have no reason to doubt it;
18 correct?

19 A I have no reason to doubt that I
20 received this e-mail.

21 Q Was this deal ultimately finalized?

22 A As I said before, I don't recall this
23 deal, so I don't know if it was finalized.

24 Q How would you find out if this was a
25 finalized settlement agreement that you entered

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2 into?

3 A If these were the terms of it?

4 Q Yes.

5 A I don't know if I could.

6 Q You had authority to enter and

7 approve these settlement discussions; correct?

8 A Based on the document you showed me

9 earlier, yes.

10 MR. DeLANGE: Could we take a quick
11 break.

12 THE VIDEOGRAPHER: Off the record,
13 3:55 p.m.

14 (Recess taken.)

15 THE VIDEOGRAPHER: Back on the record
16 at 3:59 p.m.

17 MR. DeLANGE: Mr. Verschleiser, I
18 understand you have a hard cutoff time at
19 4 o'clock today, and you let us know in
20 advance, so I have no further questions.
21 Thank you for your time today.

22 THE WITNESS: Thank you.

23 MR. EARNHARDT: I have just a few
24 questions.
25